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ANNUAL REPORT

1944

CANADIAN CELANESE LIMITED

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IVERSITY

DIRECTORS

SIR WILLIAM ALEXANDER

H. BLANCKE	A. SCHWARTZ
W. MCC. CAMERON	JOS. SIMARD
DR. CAMILLE DREYFUS	R. H. SPERLING
RT. HON. ARTHUR MEIGHEN	P. A. THOMSON
C. W. PALMER	G. H. WHIGHAM

FINANCE AND EXECUTIVE COMMITTEE

P. A. THOMSON (<i>Chairman</i>)	DR. CAMILLE DREYFUS
G. H. WHIGHAM	W. MCC. CAMERON

OFFICERS

G. H. WHIGHAM, *Chairman of Board of Directors*

DR. CAMILLE DREYFUS, *President*

W. MCC. CAMERON, *Vice-President*

H. BLANCKE, *Secretary and Treasurer*

C. W. PALMER
Vice-President

R. H. SPERLING
Factory Manager

C. HESSEY-WHITE
Sales Manager

R. STANLEY ROGERS
Sales Manager—Plastics

GENERAL OFFICES

1401 McGill College Avenue
Montreal, P.Q.

FACTORY

Drummondville
P.Q.

AUDITORS

MESSRS. P. S. ROSS & SONS
Montreal, P.Q.

DIRECTORS' REPORT

*To the Shareholders of
Canadian Celanese Limited:*

We take pleasure in presenting herewith the Annual Report of your Company for the year 1944.

The appended Balance Sheet, Earned Surplus, Special Surplus and Special Reserve Accounts and the Statement of Income and Expenditure have been prepared on a comparative basis showing the position of your Company at December 31, 1944 and December 31, 1943, and the results from operations during the years 1944 and 1943.

Net profit for the year 1944 amounted to \$1,642,570.67 of which \$371,000.00, being the refundable portion of excess profits tax, was transferred to Special Surplus Account and the balance of \$1,271,570.67 to Earned Surplus.

Dominion, Provincial and Municipal taxes, paid or provided for against income for 1944, amounted to \$2,922,770.17.

On September 13, 1944 your Company sold \$5,000,000.00 3½% Debentures due September 1, 1959. A large part of the proceeds from the sale of these Debentures will be used for the purpose of improving and expanding the existing manufacturing facilities and for erecting and equipping new plant facilities. Considerable progress has been made in carrying out this program, even in the face of present difficult conditions. Expenditures on account of plant and machinery and equipment during the year amounted to \$1,019,791.28.

As you are aware, the present war conditions have retarded the normal expansion of your Company's business. We have, however, been giving considerable thought to the future growth of the Company and have laid plans accordingly. We believe the enclosed booklet "New Benefits for the World from Synthetics", which was prepared for its shareholders by Celanese Corporation of America, will prove of interest to you.

It is with profound sorrow that I record the passing of my beloved brother, Dr. Henry Dreyfus, on December 30, 1944.

For the Board of Directors,

CAMILLE DREYFUS,

President.

March 5, 1945.

In Memoriam
Dr. Henry Dreyfus

On December 30, 1944, the world of science lost one of its greatest chemists through the death in London of Dr. Henry Dreyfus, chairman of the board of British Celanese Limited. But in his passing he bequeathed a better life to countless men and women of the world. During the past thirty years Dr. Dreyfus worked brilliantly and incessantly for the advancement of science. Together with his distinguished brother, Dr. Camille Dreyfus, he was co-founder of Canadian Celanese Limited as well as British Celanese Limited and Celanese Corporation of America. He was active in their management until the very end of his career. He contributed inestimably to their growth and development. In recent years, without thought of sparing himself, Dr. Henry Dreyfus labored on behalf of the Allied war effort. While doing all this he earned the respect and devotion of the entire Celanese personnel by his unbounded enthusiasm, wise foresight and exceptional ability as well as his personal charm and generous nature. Dr. Henry Dreyfus received richly deserved honors and awards in his chosen fields and brought distinction, not only to himself, but to the enterprises with which he was associated. While his associates have lost a true and well loved friend, and humanity has lost a contributor of immeasurable value to its well being, the creations of his inventive genius will endure.



CANADIAN CEL

Comparative
as at December 31, 194

	<u>ASSETS</u>	<u>1944</u>	<u>1943</u>
Current:			
Cash on Hand and in Banks		\$ 4,887,054.91	\$ 1,138,136.18
Government Bonds and Other Securities, at cost (approximate market value 1944, \$5,309,700.00; 1943, \$4,275,100.00)		4,675,191.13	3,741,824.27
Trade Debtors, less Reserve		940,935.79	928,139.11
Other Accounts Receivable and Accrued Interest		33,925.92	20,564.05
Inventories of Raw Materials, Supplies, Work in Process and Finished Goods, as determined and certified by the Management and valued at cost		1,957,191.26	2,003,692.07
		<u>12,494,299.01</u>	<u>7,832,355.68</u>
Deferred and Prepaid Charges:			
Unexpired Insurance and Taxes		26,331.36	18,223.81
Expenses applicable to future operations		3,040.00	8,895.76
Cost of Income Funding Rights purchased in anticipation of Sinking Fund requirements		56,433.12	76,488.63
Debenture discount and expenses, less amount amortized		138,356.65	—
		<u>224,161.13</u>	<u>103,608.20</u>
Securities held for Investment, valued at cost		195,574.39	195,574.39
Refundable portion of Excess Profits Tax		1,040,000.00	672,000.00
Fixed:			
Real Estate, Plant, Machinery and Equipment, at cost		14,940,050.37	13,920,259.09
Patents and Trade Marks		1,027,377.52	1,019,964.06
Special Fund re Income Funding Rights, as per contra		367,200.00	367,200.00
Assets held for Special Fund:			
Government Bonds at cost (market value 1944, \$188,000.00; 1943, \$193,000.00)	<u>1944</u> \$189,000.00	<u>1943</u> \$194,000.00	
Income Funding Rights valued at \$25.00 per Right—1944, 7,128 Rights; 1943, 6,928 Rights	178,200.00	173,200.00	
	<u>\$367,200.00</u>	<u>\$367,200.00</u>	

NOTE: Commitments made by the Company as at December 31, 1944 for the construction of Buildings and the purchase of Machinery and Equipment totalling approximately \$1,166,000.00 are not reflected in the above Balance Sheet.

\$30,288,662.42 \$24,110,961.42

Approved on behalf of the Board:

A. SCHWARTZ, *Director*.

P. A. THOMSON, *Director*.

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Balance Sheet and December 31, 1943

	<u>LIABILITIES</u>	<u>1944</u>	<u>1943</u>
Current:			
Accounts Payable and Accrued Liabilities	\$ 638,691.74	\$ 398,273.80	
Dominion and Provincial Taxes	1,365,267.50	1,505,277.04	
Interest on Income Funding Rights	62,499.00	64,177.00	
Accrued Interest on Debentures	58,732.88	—	
	<u>2,125,191.12</u>	<u>1,967,727.84</u>	
3½% Debentures due September 1, 1959			
Authorized and Issued	5,000,000.00	—	
Reserves:			
For Depreciation of Buildings, Machinery and Equipment	5,734,165.34	5,093,543.62	
For Amortization of Patents	620,272.81	556,410.48	
Special Reserve	500,000.00	550,000.00	
Inventory Reserve	56,000.00	56,000.00	
	<u>6,910,438.15</u>	<u>6,255,954.10</u>	
Capital Stock:			
Authorized—			
150,000 shares 7% Cumulative Participating Preferred, par value			
\$100.00 per share			
300,000 shares Common, without par value			
Issued and Outstanding—			
100,000 shares Preferred	10,000,000.00	10,000,000.00	
260,409 shares Common	1,169,045.00	1,169,045.00	
Income Funding Rights having the attributes set forth in Special			
By-Law "A":	<u>1944</u>	<u>1943</u>	
	Rights	Rights	
Issued under the Scheme of Arrangement			
of November 7, 1934	90,000	90,000	
Less:			
Purchased by the Company:			
Held in Special Fund, as per contra	7,128	6,928	
Held in anticipation of Sinking Fund			
requirements	2,479	3,397	
Delivered to Sinking Fund	17,894	15,498	
Rights Outstanding	<u>62,499</u>	<u>64,177</u>	
(Rights purchased by the Company cannot be reissued)			
Balance of Sinking Fund re Income Funding Rights set aside in accord-			
ance with the provisions of Clause 3 of Special By-Law "A"		11.00	10.00
Special Fund re Income Funding Rights, as per contra, set aside in			
accordance with the provisions of Clause 5 of Special By-Law "A".		367,200.00	367,200.00
Surplus Accounts:			
Distributable Surplus, set aside in 1936 in accordance with the			
provisions of sub-section 7 of section 12 of The Companies Act, 1934.		62,500.00	62,500.00
Special Surplus, being the refundable portion of the Excess Profits			
Tax		1,040,000.00	672,000.00
Earned Surplus, per Statement attached		3,614,277.15	3,616,524.48
		<u>\$30,288,662.42</u>	<u>\$24,110,961.42</u>

This is the Balance Sheet referred to in our attached Report of even date.

P. S. ROSS & SONS,
Chartered Accountants.

Montreal, February 21, 1945.

CANADIAN CELANESE LIMITED

Comparative Statement of Income and Expenditure for the two years ended December 31, 1944

	<i>Year ended December 31</i>	
	<u>1944</u>	<u>1943</u>
Net Operating Profit before taking up the items below	\$4,857,920.23	\$5,028,102.57
Income from Investments	133,525.68	146,756.17
Profit on Income Funding Rights purchased for Special Fund and for Sinking Fund	5,803.49	6,181.37
Profit on Investment Securities sold	11,503.98	20,468.75
	<u>5,008,753.38</u>	<u>5,201,508.86</u>
Remuneration of Executive Officers and Directors required to be shown separately under Section 113 (2) of The Companies Act	129,960.09	130,090.60
Fees of Directors not included above	7,264.40	6,028.40
Legal Fees	19,025.00	16,650.00
Depreciation of Plant, Machinery and Equipment	509,752.27	512,034.70
Special Depreciation of Machinery and Equipment (claim to be filed)	133,794.67	—
Amortization of Patents	13,862.33	67,997.60
Interest on Debentures	52,979.48	—
Amortization of Debenture discount and expenses	3,144.47	—
Provision for Dominion Income Tax and Excess Profits Tax (less refundable portion of Excess Profits Tax, \$371,000.00 in 1944 and \$447,000.00 in 1943)	2,374,000.00	2,653,000.00
	<u>3,243,782.71</u>	<u>3,385,801.30</u>
Net Profit before provision for Interest and Sinking Fund re Income Funding Rights	1,764,970.67	1,815,707.56
Deduct:		
Interest on Income Funding Rights	62,499.00	64,177.00
Sinking Fund for Income Funding Rights	59,901.00	58,223.00
	<u>122,400.00</u>	<u>122,400.00</u>
Net Profit for year	1,642,570.67	1,693,307.56
Deduct:		
Amount equivalent to refundable portion of Excess Profits Tax transferred to Special Surplus Account	371,000.00	447,000.00
Balance of Net Profit for year transferred to Comparative Statement of Earned Surplus	<u>\$1,271,570.67</u>	<u>\$1,246,307.56</u>

CANADIAN CELANESE LIMITED

Comparative Statement of Earned Surplus for the two years ended December 31, 1944

	<i>Year ended December 31</i>	
	<u>1944</u>	<u>1943</u>
Earned Surplus at beginning of year	\$3,616,524.48	\$3,701,324.64
Deduct:		
Prior year adjustments	—	16,289.72
	<u>3,616,524.48</u>	<u>3,685,034.92</u>
Add:		
Balance of Net Profit for year transferred from Comparative Statement of Income and Expenditure	1,271,570.67	1,246,307.56
	<u>4,888,095.15</u>	<u>4,931,342.48</u>
Deduct:		
Dividends Paid:		
Preferred Shares: \$7.00 per share and Participating Dividend—		
53 cents per share in 1944 and 94 cents per share in 1943	753,000.00	794,000.00
Common Shares: \$2.00 per share	520,818.00	520,818.00
	<u>1,273,818.00</u>	<u>1,314,818.00</u>
Earned Surplus at end of year	<u><u>\$3,614,277.15</u></u>	<u><u>\$3,616,524.48</u></u>

Note: \$573,809.70 of the Earned Surplus at December 31, 1944 is subject to a payment of a participating dividend of 10% (\$57,380.97) when declared.

Statement of Special Surplus (Refundable Portion of the Excess Profits Tax) as at December 31, 1944

Balance at credit January 1, 1944	\$ 672,000.00
Deduct:	
Adjustment of refundable portion of Excess Profits Tax for 1943	3,000.00
	<u>669,000.00</u>
Add:	
Amount equivalent to refundable portion of Excess Profits Tax for 1944	371,000.00
Balance at credit December 31, 1944	<u><u>\$1,040,000.00</u></u>

Statement of Special Reserve as at December 31, 1944

Balance at credit January 1, 1944	\$ 550,000.00
Deduct:	
Amount transferred to Reserve for Amortization of Patents	50,000.00
Balance at credit December 31, 1944	<u><u>\$ 500,000.00</u></u>

CANADIAN CELANESE LIMITED

Statement showing the amount of Earned Surplus as at December 31, 1944 which is subject to payment of a Participating Dividend on the 7% Cumulative Participating Preferred Stock

Amount of Earned Surplus as at December 31, 1943 which was subject to payment of a Participating Dividend of 10% when declared	\$ 532,239.03
Deduct:	
Earned Surplus on which a Participating Dividend of \$53,000.00 was paid on March 31, 1944	530,000.00
	<u>2,239.03</u>
Add:	
Balance of Net Profit for the year 1944 per attached Statement of Income and Expenditure	1,271,570.67
	<u>1,273,809.70</u>
Deduct:	
Dividends (other than Participating Dividends) paid on Preferred Shares in 1944	700,000.00
	<u>573,809.70</u>
Amount of Earned Surplus as at December 31, 1944 which is subject to payment of a Participating Dividend of 10% (equivalent to 57 cents per share) when declared	<u><u>\$ 573,809.70</u></u>

P. S. ROSS & SONS

ROYAL BANK BUILDING,
MONTREAL, QUE.

AUDITORS' REPORT TO THE SHAREHOLDERS

*Canadian Celanese Limited,
Montreal.*

We have examined the accompanying Balance Sheet of Canadian Celanese Limited as at December 31, 1944 and the related Statements of Income and Expenditure and Earned Surplus for the year ended on that date. In connection therewith, we have examined or tested accounting records of the Company and other supporting evidence and have obtained all the information and explanations we have required, but we have not made a detailed audit of the transactions.

In our opinion, the accompanying Balance Sheet and related Statements of Income and Expenditure and Earned Surplus are properly drawn up so as to exhibit a true and correct view of the financial position of the Company as at December 31, 1944 and the result of its operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the Company.

There is attached a statement showing the amount of Earned Surplus as at December 31, 1944 which is subject to payment of a 10% Participating Dividend on the 7% Cumulative Participating Preferred Stock; we certify that, in our opinion, this statement is correct.

P. S. ROSS & SONS,
Chartered Accountants.

February 21, 1945.

